1974 Annual Report

International

Minerals

&

Chemical

Corporation

Annual Report 1974 International Minerals & Chemical Corporation

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INTERNATIONAL MINERALS & CHEMICAL CORPORATION

RICHARD A. LENON

President and Chief Executive Officer

no acknowledgement necessary


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Development

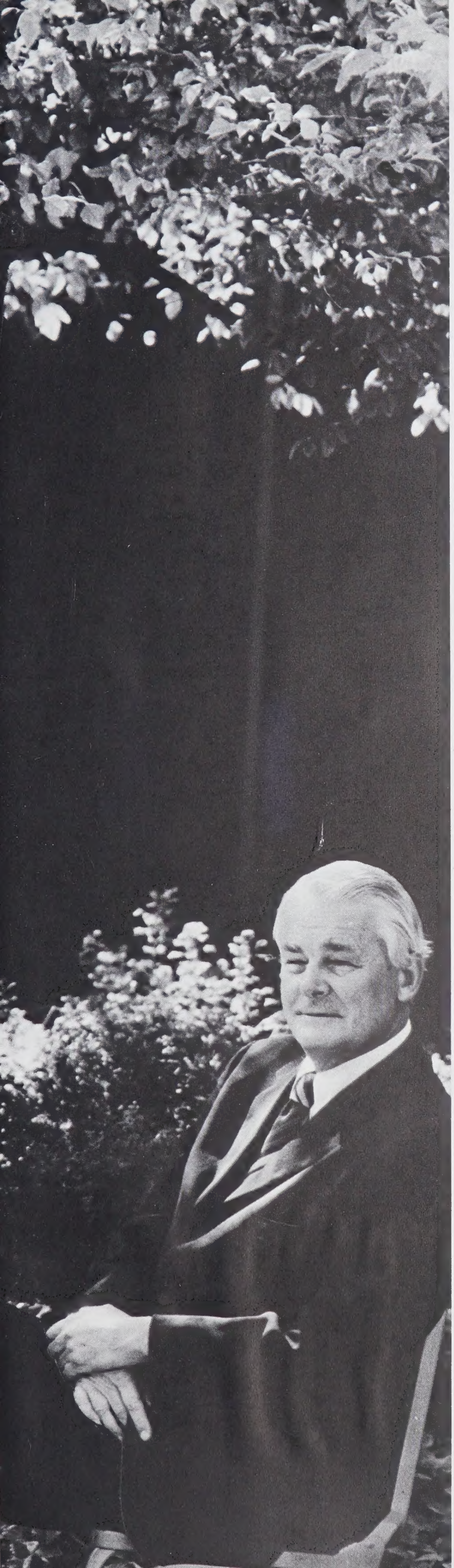
1974 Highlights 1973

(amounts in millions, except per share data)

1974		1973
$858.5	Net sales	$547.9
57.4	Earnings before extraordinary items	25.5
70.4	Net earnings	26.2
243.5	Long-term debt	145.1
309.2	Shareholders' equity	249.7
10.4%	Return on invested capital*	6.5%
18.6%	Return on shareholders' equity*	10.2%
11.4	Common shares outstanding	11.1
	Per share:	
	Primary earnings—	
$4.78	Before extraordinary items	$2.10
5.92	Net	2.17
	Fully diluted earnings—	
4.25	Before extraordinary items	1.94
5.20	Net	2.00
.76	Common dividends paid	.38
22.38	Book value	17.10
	Quarterly earnings per share:*	
$ .30	1st	$ .07
.71	2nd	.44
1.47	3rd	.62
2.30	4th	.97
$4.78		$2.10

**Based on earnings before extraordinary items*

From left, members of IMC's Executive Office are George D. Kennedy, Executive Vice President—Industry and Business Development; Anthony E. Cascino, Executive Vice President—Agriculture; and Richard A. Lenon, President and Chief Executive Officer.



To Our Shareholders:

The numbers last year were good from top to bottom: record sales, record profits, and record returns on equity and invested capital.

It would be gratifying to attribute all of our gains to skillful execution of carefully laid plans, but the facts do not support such happy thoughts. We happened to be in the right place at the right time, and we were prepared to take advantage of opportunity even if we did not create it.

In addition to this serendipity, our mines and plants produced record tons of product at remarkably favorable costs. For years all of the heroics occurred in our marketing departments; last year the production people earned the kudos.

Near term—that is, this year—we announced in May that earnings could range from $6.00 to $8.00 per share. This thinking was based on an extrapolation of recent quarterly results. Current trends in sales and earnings would indicate a higher range. We will submit a current estimate at the Annual Meeting of Shareholders on October 2.

Longer term, it appears that most fertilizer materials will be in short supply for at least two or three years. Really good crops all over the world could cut increases in fertilizer demand, but recent history indicates that average yields are about all that can be expected. Above all, we must hope that there will be no major crop failures. Grain stocks are critically low: the reserves are gone.

The fertilizer industry is doing its best to cope with the shortage problem. Unfortunately, new plant construction time ranges from three to five years, and easily available raw materials—phosphate rock, potash and natural gas—simply do not exist in the quality and quantity heretofore enjoyed. And there are new environmental rules and regulations which tend to further delay the opening of new mines for periods ranging up to two years. Simple fact—environmental impact studies take time.

Capital requirements are huge. IMC spent $83 million for new fertilizer plants and mines last year and $110 million is already committed for this year. New projects involving an additional $90 million are being considered. A quick look at our cash flow, reported in the back of this report, will indicate that we are putting earnings back into the business. In addition, we have contracted for $130 million in new long-term borrowings.

There has been and there will be more talk about the fertilizer industry "profiting from hunger"...taking advantage of world food needs and fertilizer shortages by charging too much for nutrients. Prices are high, but a substantial percentage of the cash flow to build new plant has to come from the profit on current sales. Outside financing is unreasonably expensive, if available at all. Further, the investment in new plant is now three and four times higher than ten years ago. It follows that prices have to be higher to pay for new investments.

We might post a low price for product produced in an old plant and a high price for product produced in a new plant, but that is obviously impractical and, in any event, would reduce the cash the industry has to have to keep building the new plants so urgently needed.

Given free market forces and no arbitrary removal of present tax incentives, the fertilizer industry will build the plants necessary to grow crops here and abroad.

These good times are giving us the opportunity to set our future course relatively free from daily sales pressures. In the Third Quarter report to you, we noted the restructuring of the company into five areas; i.e., fertilizers and feed ingredients, chemicals, industrial materials, transportation, and natural resource development. These five areas are discussed on the following pages.

With only minor exceptions, the entire business has a natural resource base with up-the-line processing and transportation services added for greater profit opportunities and marketing effectiveness. The goal is growth within the well-defined structure now in place.

More than ever before, the company has to confront political encroachments upon business judgments, rights, and property. We have always tried to anticipate the equities in our relationships with external interests, but in the recent past some of the demands have become unreasonable. In Saskatchewan we are making progress in our efforts to obtain a fair tax arrangement and reasonable assurances regarding our property rights. In the United States, there has been a proliferation of proposals to eliminate tax incentives. These proposals seem to have abated, but we expect a new round of troubles during the next session of Congress. Meantime, we plan to continue our efforts, both at home and abroad, to encourage mineral policies consistent with sound national purposes and the legitimate aspirations of industry.

Air and water pollution controls bring us well within current U.S. regulations. In land reclamation, we made outstanding progress both in acres reclaimed and reductions in the cost of doing the work. New reclamation techniques will help us do even better in the future.

Our overall safety record was good, particularly in the mines; but we continue to experience accidents involving aboveground vehicles. New accident prevention programs will be pushed with vigor.

We are trying to make every job in the company more interesting. I think we are making progress. Certainly in the year just ended, the people of IMC made good things happen.

Sincerely,

R A Lenon

President
August 12, 1974

Nelson C. White will retire at the Annual Meeting October 2, 1974, as the Corporation's Chairman of the Board and as a Director.

To Mr. White goes the credit for piloting the company safely through the stormy years of the late 1960's. Also to him goes the gratitude of IMC and of the North American fertilizer industry for much of the health and vigor we enjoy today.

Mr. White joined IMC as a plant manager 32 years ago and in the succeeding years became closely identified with the potash industry. As a Vice President in the 1950's, he directed the early planning and acquisition of rights that led to IMC development of Saskatchewan's first successful potash operations, then and now the world's largest.

More recently, his participation in American Mining Congress activities and in governmental affairs has broadened his contributions beyond IMC to the fertilizer industry at large.

Mr. White was elected an IMC Director and Senior Vice President in 1962, Executive Vice President in 1963, President in 1964, Chief Executive Officer in 1967, and Chairman of the Board in 1970.

Significant Events and Developments

Fertilizers and Feed Ingredients

Phosphate

The company produced 9.6 million tons of phosphate rock, an increase of 13.5 percent over fiscal 1973.

A new two-million-ton phosphate mine was brought on stream just before year-end, with total rock capacity now approaching 11.5 million tons annually.

Construction moved ahead on a new $90 million phosphate chemicals complex in Florida—start-up scheduled for spring, 1975.

A phosphate chemical fertilizer and animal feed plant at Port Maitland, Ontario, was purchased from ERCO Industries, Ltd., for more than $14 million. A 50 percent expansion of production capacity will be completed in fiscal 1975.

Potash

The company produced 2.4 million tons of muriate of potash in Saskatchewan, an increase of 35 percent over fiscal 1973.

Retail Fertilizers

The Rainbow Division's retail fertilizer business contributed importantly to total earnings—a 20 percent return on the capital invested, a record by a wide margin for this activity.

Nitrogen

Plans were announced for the construction of a 1,150-ton-per-day ammonia plant near Sterlington, Louisiana.

Prices

The lifting of price controls on October 26, 1973, brought domestic fertilizer prices more nearly in line with prices abroad, and started the industry on major expansion programs.

Land Development

IMC Development Corporation boosted citrus-growing operations to 3,000 acres yielding 700,000 boxes of fruit a year; acquired a citrus cannery, a 500-acre ornamental plant nursery, and a 731-acre site for residential development.

Chemicals

IMC operations serving the ceramic and glass industries were transferred to Sobin Chemicals, Inc., as part of a transaction which increased IMC's interest in Sobin from 37 percent to 81 percent.

Sobin increased sales by 79 percent and earnings by 185 percent in the fiscal year, and acquired a third chlor-alkali plant at Ashtabula, Ohio, from Detrex Chemical Industries, Inc.

Two cash tender offers brought in approximately 46.6 percent of the common shares of Commercial Solvents Corporation.

Industrial Materials

Portions of Continental Ore Corporation and IMC's Industrial Products Division were restructured into a single industrial materials organization, focusing effort on the steel and foundry industries. In the restructuring, the Lavino refractories business was sold for approximate book value, the Eufaula bauxite mining operation was sold for cash and for North Carolina olivine mineral rights, and Continental Ore's metals trading and certain other activities were sold, a portion of them to former COC officers.

Republic Carbon Products, Inc., a calciner and marketer of petroleum coke, was purchased from AMAX Inc. for $8.4 million.

Purchase of mineral rights extended African chrome mine reserves to 40 years.

Foundry products operations were consolidated at a new and larger plant site in Detroit to provide additional production capacity.

Transportation

Agreement was reached for the merger of Chemical Leaman Tank Lines, Inc., into an IMC subsidiary. Chemical Leaman is a leading chemical specialty trucker in which IMC acquired an initial 26 percent stock interest earlier in the fiscal year.

IMC's drum reconditioning business, Great Lakes Container Corporation, extended its operations into a seven-city network with the acquisition of plants in Coventry, Rhode Island, and Tulsa, Oklahoma.

Corporate

New Financing

An $89.5 million loan was negotiated for construction of the new phosphate chemicals complex in Florida; of the total amount, $49 million was borrowed in fiscal 1974, with the balance available for fiscal 1975. In addition, $40 million was borrowed in connection with the refinancing of a major loan agreement.

Environment

Corporate spending in the environmental area was $3.5 million in 1974.

Energy Conservation

IMC was awarded the federal government's SavEnergy Citation for corporate-wide energy conservation programs.

Dividends

Dividends on common stock were increased twice during the year; from a 10-cent to a 13-cent quarterly rate in September, then to a 25-cent rate in March, equivalent to $1.00 per share on an annual basis, restoring the 25-cent quarterly rate last paid on June 30, 1968. After the close of the fiscal year a further increase to 32 cents was declared for the quarter ending September 30, 1974.

The Corporation made available, through a service in which the First National City Bank of New York acts as agent for shareholders, a program in which U.S. holders of IMC common stock may automatically reinvest their dividends in additional IMC shares.

Pending Legislation

The Corporation continued to monitor proposals in Congress and spoke out against bills injurious to U.S. trade and economic progress, in particular unreasonable and illogical approaches to surface mining and depletion allowances.

Legislative proposals relating to Canadian potash were made by the Saskatchewan government, and are discussed on page 11.

Labor Relations

The Corporation has 38 collective bargaining agreements with seven international unions or their affiliated locals. Seventeen agreements covering 43 percent of the hourly work force were negotiated during fiscal 1974. Twelve agreements representing 37 percent of the hourly force will expire during fiscal 1975.

New Directors

Morton Moskin, a partner in the New York law firm of White & Case, was elected to the IMC Board of Directors, filling a vacancy created by the death in October, 1973, of Glover Johnson. Mr. Johnson, who was a senior partner in White & Case, had served as an IMC Director since 1952 and as Chairman and Vice Chairman since 1967.

J. Howard Hawke, president of the Toronto investment and consulting company of Wescasit, Limited, was elected to the Board of Directors of International Minerals & Chemical Corporation (Canada) Ltd.

Management Changes

Sidney T. Keel, Senior Vice President—Agricultural Marketing, was named Chairman of IMC International, the Corporation's new agricultural overseas marketing arm. Judson H. Drewry was named President of IMC International and elected an IMC corporate Vice President.

George B. Howell was appointed President of Continental Ore Corporation and named IMC Senior Vice President—Industrial Materials.

Donald E. Phillips was elected a corporate Vice President, with administrative responsibilities in agricultural operations.

Mervyn A. Upham, Chairman of the Board of IMC-Canada and of Sobin Chemicals of Canada, was named President of the new IMC Resource Development Group, with headquarters in Toronto.

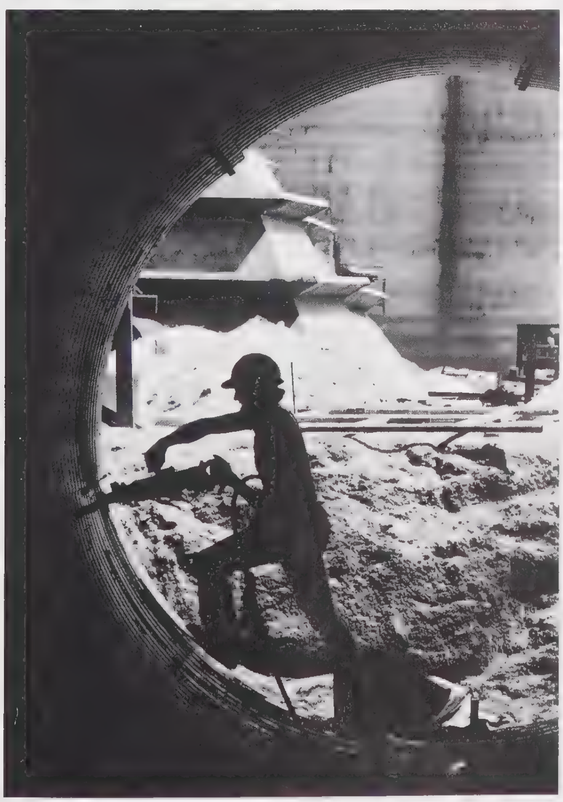
William J. Huston, General Manager of IMC-Canada potash operations, was elected President and Chief Operating Officer of IMC-Canada.

Fertilizers and Feed Ingredients

On page 22 of this Annual Report, IMC's agricultural business shows operating income in fiscal 1974 totaling $81.5 million. This income was derived as follows:

	(dollars in millions)	
Phosphate Fertilizer Materials	$21.2	26%
Potash Fertilizer Materials	35.2	43%
Feed Ingredients	13.1	16%
Retail Fertilizers	11.5	14%
Land Development	.5	1%
Total	$81.5	100%

Construction moves ahead on new $90 million Florida phosphate chemicals complex, scheduled to come on stream in 1975.



Phosphate

IMC is the world's largest independent producer of phosphate rock, with approximately 21 percent of U.S. production and 9 percent of world production. With the start-up of a new mine late in fiscal 1974, the company now operates four mines in Florida with an ultimate capacity of 12.5 million tons of product annually.

During fiscal 1974, IMC produced 9.6 million tons of rock and sold 9.8 million tons. Demand greatly exceeded ability to supply, and it was necessary to allocate product to overseas customers. On the average, export prices at year-end were up $8.50 per ton (150 percent) over prices at year-end only 12 months before. Domestic prices advanced much more slowly because of the braking effect of long-term contracts under which IMC supplies rock to large phosphoric acid plants operated by customers near the company's Florida mines.

The world market for phosphate rock is growing at the rate of six to seven million tons annually, and industry expansions now actually in progress will be short of covering this increasing demand. Thus the current shortage is certain to continue for another three to four years, the period of time required to construct a new property "from scratch." The situation is further complicated by a scarcity of good reserves, reasonably located.

IMC's plans include the expectation of producing 11.5 million tons of product in fiscal 1975 and reaching an annual rate of 12.5 million tons in fiscal 1976. This production will come from Florida mines which either exist now or are under current construction/expansion programs.

Beyond 1976, added IMC production can come from Idaho and Australia. In Idaho, the company has a large phosphate reserve, and is expediting environmental impact studies with the hope of getting mining permits by early 1976 and a new two-million-ton mine operating a year later. In Australia, where the company holds very large reserves, local partners will be sought to join feasibility studies.

IMC controls additional limited reserves in Florida, approximately 40 miles south of present operations. These properties will be held for development as some present

IMC World Food Conferences

Prolonged and severe drought f [illegible] continent and Africa…outright famine [illegible] and all along the broad tier of nations beltin [illegible] southern Sahara…a depletion of U.S. g [illegible] …and always the inexorable p [illegible] world populations and [illegible] production

These front-page stories prompte [illegible] of State Henry Kissinger to call f [illegible] Conference before the end of [illegible] the United Nations is conver [illegible] in September

But it won't be the first

IMC sponsored its initial World Foo [illegible] Conferences nine years ago…in [illegible] Caracas, and Paris. Those fir [illegible] together world leaders of the [illegible] explore ways to close the [illegible] and demand

There have been IMC confer [illegible] ceeding year…in Japan, Australi [illegible] Argentina, Brazil, Chile, [illegible] Singapore, India, South Kor [illegible] Philippines, and Indonesia

Recent conferences ha [illegible] the presidents of nat [illegible] private individuals with pa [illegible] tribute—men like Dr. N [illegible] Prizewinner and fat [illegible]

The establishment [illegible] possible food shortages, the use of co [illegible] plan crop programs, new ways to use [illegible] food producti [illegible] improved crop [illegible]

[illegible]

◀ Newest of IMC's seven Florida draglines scoops up some 70 tons of ore in a single bite. These multimillion-dollar pieces of equipment are in operation 24 hours a day, seven days a week.

properties phase out. There are reserves in Florida not now committed to mining operations, and IMC will submit proposals on these properties in fiscal 1975.

Given the current situation in the phosphate rock market, higher prices and IMC's expansion now in place, the company's phosphate rock income could increase by $75 million to $90 million this year. The cash derived from these much higher earnings will be required to finance the new projects discussed above.

Potash

IMC produced 3.3 million tons of potash products in 1974, 2.4 million tons in Saskatchewan and 880,000 tons in New Mexico. Approximately two-thirds of the New Mexico production involved specialty sulfate and a double sulfate of potash-magnesia (Sul-Po-Mag).

Total IMC potash tonnage in 1974 was up 20 percent over the prior year and prices increased approximately $4.50 per ton, or 20 percent. Good cost performance in both Saskatchewan and New Mexico contributed importantly to earnings.

For the first time in many years, all North American potash plants ran at practical capacity, and at times during the year demand exceeded immediate ability to supply. As an indication of the demand pressure, industry inventories at June 30, 1974, totaled only 380,000 tons, compared with 740,000 tons on the same date a year ago; and that year-ago figure was an abnormally low one.

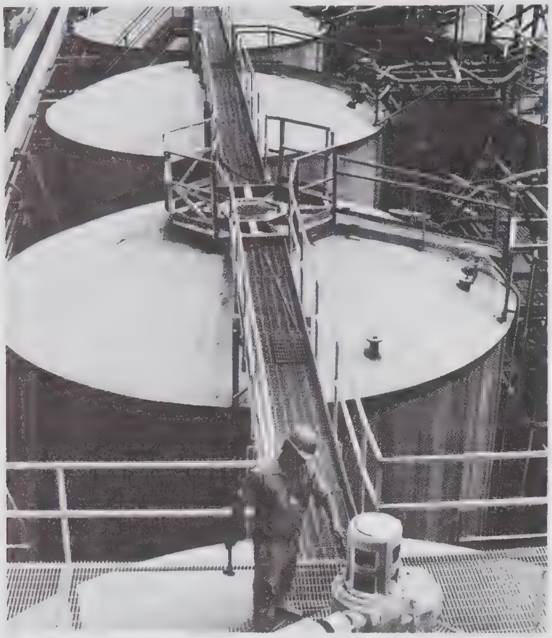
It appears that demand on North American potash production will increase 14 percent in fiscal 1975 and that supply will be just barely sufficient, if that. There could be a fairly severe shortage in fiscal 1976.

The supply problem is caused, in some measure, by the announced intention of the Saskatchewan government to participate broadly in the operations and development of the potash properties in the province. Methods of participation include thoughts on substantially higher taxes, equity interest, marketing, and decisions regarding extent and timing of expansion. With all such matters under discussion, major expansion plans are being delayed until the role of the private investor is more clear. The discussions are proceeding in a constructive atmosphere, and reasonable resolution seems likely in the near future.

Nitrogen

As indicated elsewhere in this report, IMC has acquired a 46.6 percent interest in Commercial Solvents Corporation (CSC), which owns and operates, along with a widely-diversified chemical business, a 1,100-ton-per-day ammonia (nitrogen fertilizer) plant. Nitrogen, the third principal fertilizer ingredient, is not produced by IMC. However, IMC currently purchases its nitrogen requirements from other producers and has covered these requirements for the next several years. CSC has long-term contracts (not with IMC) for most of its nitrogen production.

Port Maitland operations produce phosphoric acid around the clock, with product flowing into holding tanks for transfer to customers' trucks.



Five and a half million tons of fertilizer products a year are currently shipped through IMC's phosphate terminal near Tampa.

IMC International

In addition, IMC has announced that it will construct a new 1,150-ton-per-day ammonia plant. Natural gas is a required raw material in the production of ammonia, and the gas needed by the plant will be purchased from CSC. CSC will also operate the plant for IMC on a fee basis.

Feed Ingredients

IMC's principal animal feed ingredient products are monocalcium phosphate, dicalcium phosphate, double sulfate of potash-magnesia, potassium sulfate, and potassium chloride. The phosphates are produced in a company-owned plant in Florida from phosphoric acid purchased on long-term contract. Near year-end, the company secured additional tons to sell through the acquisition of the agricultural phosphates plant at Port Maitland, Ontario.

As with all phosphate products, feed phosphate demand substantially exceeded 1974 supply, and the company had to allocate products to all customers during the entire year. IMC, with approximately a 30 percent market share, bore the brunt of the shortage problem.

Given a low-cost production base and sharply higher prices created by the shortage, earnings from this business increased very substantially. Prospects for the next few years are good, and IMC will have an added plus in 1975 from the full-year contribution of the Port Maitland operations.

Retail Fertilizers

Results in IMC's Rainbow Division, which produces mixed fertilizers, were perhaps the most gratifying of all in 1974. For years, the existence of this activity was justified on the basis that it provided a market for some of the company's raw materials. Concurrently, Rainbow closed plants, consolidated market areas, and cut costs—always striving to get an adequate return on investment without depending upon other IMC operations for support. In fiscal 1974, Rainbow got there—a 20 percent return on investment.

The return was made on sharply higher prices and on increases in sales of premium products; these premium products reached 60 percent of sales by the end of the year—a year-to-year increase of some 33 percent. At the same time, working capital as a percent of sales was reduced from 50 percent to 20 percent.

Land Development

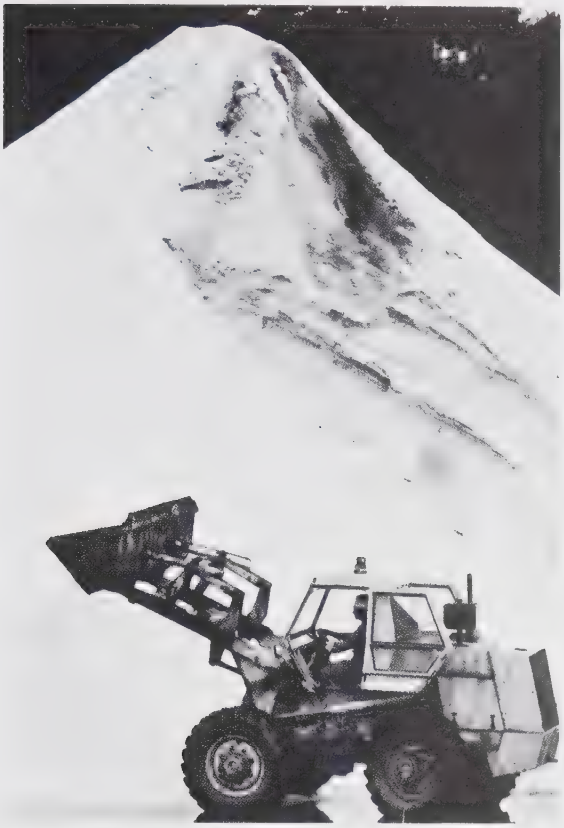
IMC Development Corporation, the company's wholly-owned Florida land development subsidiary, continues to expand the scope of its operations.

Formed three years ago to put to profitable use IMC's experience in phosphate land acquisition and reclamation, IMC Development has increased sales from fiscal 1972's $3.5 million to 1974's $9.1 million.

IMC Development started with 13,000 acres of largely ranchland and citrus groves in central Florida; today operations have been expanded to include additional citrus groves, citrus canning, truck farming, residential development, and real estate sales.

Chemicals

Common salt—the same kind that graces the dinner table—is the raw material from which Sobin makes chlor-alkalis at its Orrington plant. The mountain of salt pictured here represents about a week's supply.



First step in chlor-alkali production is mixing salt with water to form brine. Here purifying chemicals are being added to the brine.

IMC's chemical business continues to develop into one of the Corporation's major areas of interest.

Primary contributor is Boston-based Sobin Chemicals, Inc., an 81-percent-owned IMC subsidiary, with fiscal 1974 sales totaling $68 million. Sobin's growth has come from successful implementation of a basic IMC philosophy; i.e., build on existing marketing strengths by adding a production base and raw material resources wherever possible.

Sobin's operations are in four main areas: chlor-alkali products, glass/ceramics minerals, specialty organic chemicals, and international resale of heavy chemicals and specialized chemical intermediates.

Chlor-alkalis are produced at two Sobin plants at Orrington, Maine, and Ashtabula, Ohio, and at a joint-venture operation at Niagara Falls, New York. Maine production serves the growing pulp and paper industry in New England and eastern Canada with chlorine and caustic soda. These two products are also produced on a smaller scale at the Ohio plant.

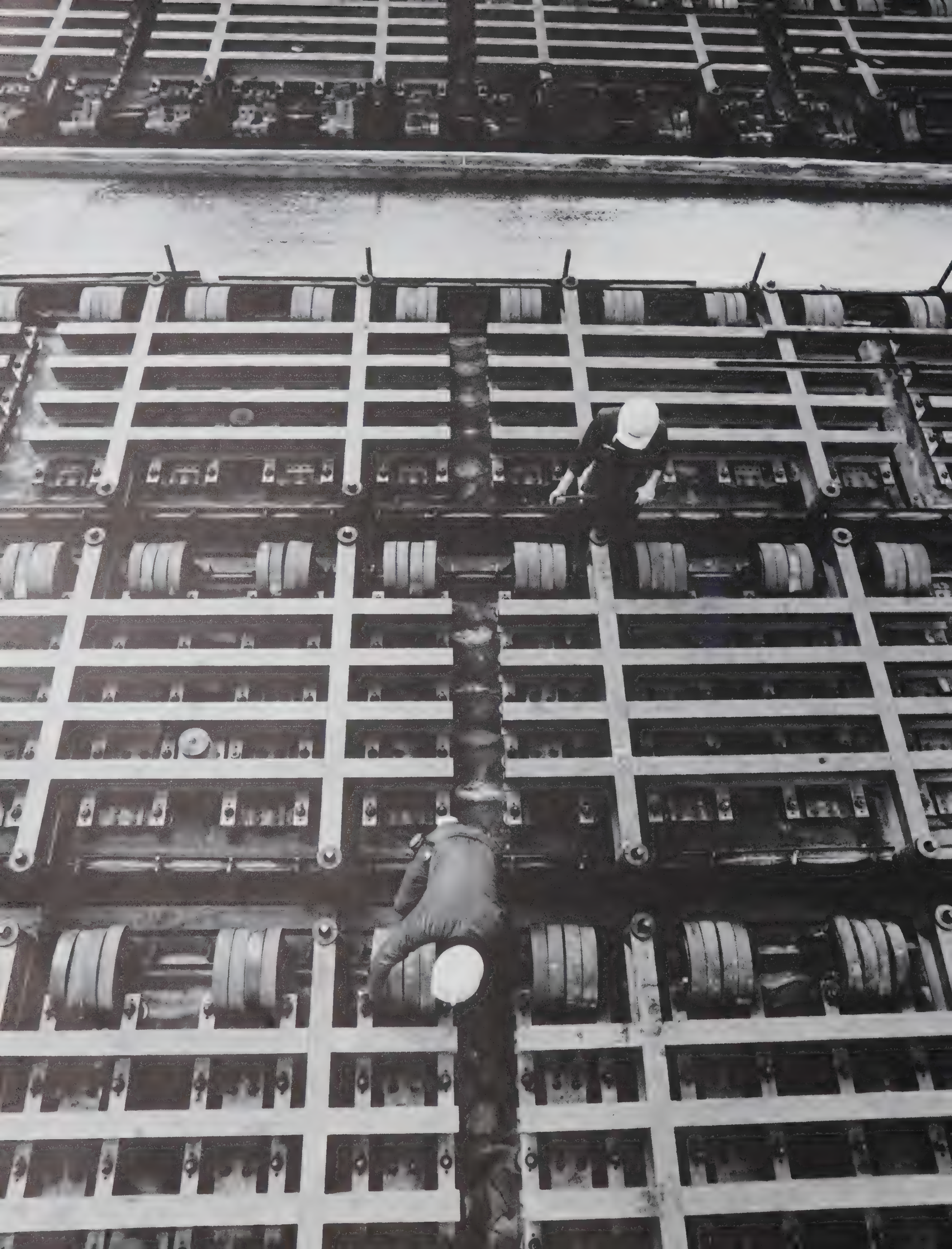
The New York joint venture, with Hooker Chemical Corporation, produces caustic potash and potassium carbonate, and the operation has major U.S. market shares for both of these products. This production process offers an example of raw material upgrading. Basic standard muriate of potash is mined by IMC in Saskatchewan and upgraded there to white muriate. Sobin then upgrades the white muriate to caustic potash, sells some, and further upgrades the balance to potassium carbonate. Each upgrading from the base provides an additional profit increment.

In the glass/ceramics markets, Sobin is North America's only miner of all three feldspathic minerals: feldspar from North Carolina, nepheline syenite from Ontario, and aplite from Virginia. Mica and high-purity silica quartz are two specialty products also produced at Sobin's North Carolina operations.

Specialty organic chemicals constitute Sobin's third area of operations. At a New Jersey plant Sobin produces 10 different specialty organic and organic intermediate chemicals, with a strong worldwide position in four products serving the polyester and petroleum industries and agriculture.

Sobin's international resale business is a direct reflection of the company's strong marketing organization, wired-in to key chemical markets worldwide. Sobin is the major importer of each of the chemicals in which it deals, and is the only company that maintains local stocks of all its primary chemical imports. Sobin also represents numerous North American chemical producers in transactions with the People's Republic of China and other countries.

IMC's acquisition of 46.6 percent of the common stock of



◀ Row on row of electrolytic cells form the heart of Sobin's chlor-alkali production at Orrington. Process converts salt into two end products—chlorine and caustic soda.

Commercial Solvents Corporation (CSC) represents another commitment to the chemicals industry. An initial 37.3 percent of the stock was acquired in March of 1974 for $34.5 million, and an additional 9.3 percent in July of 1974 for $8.7 million.

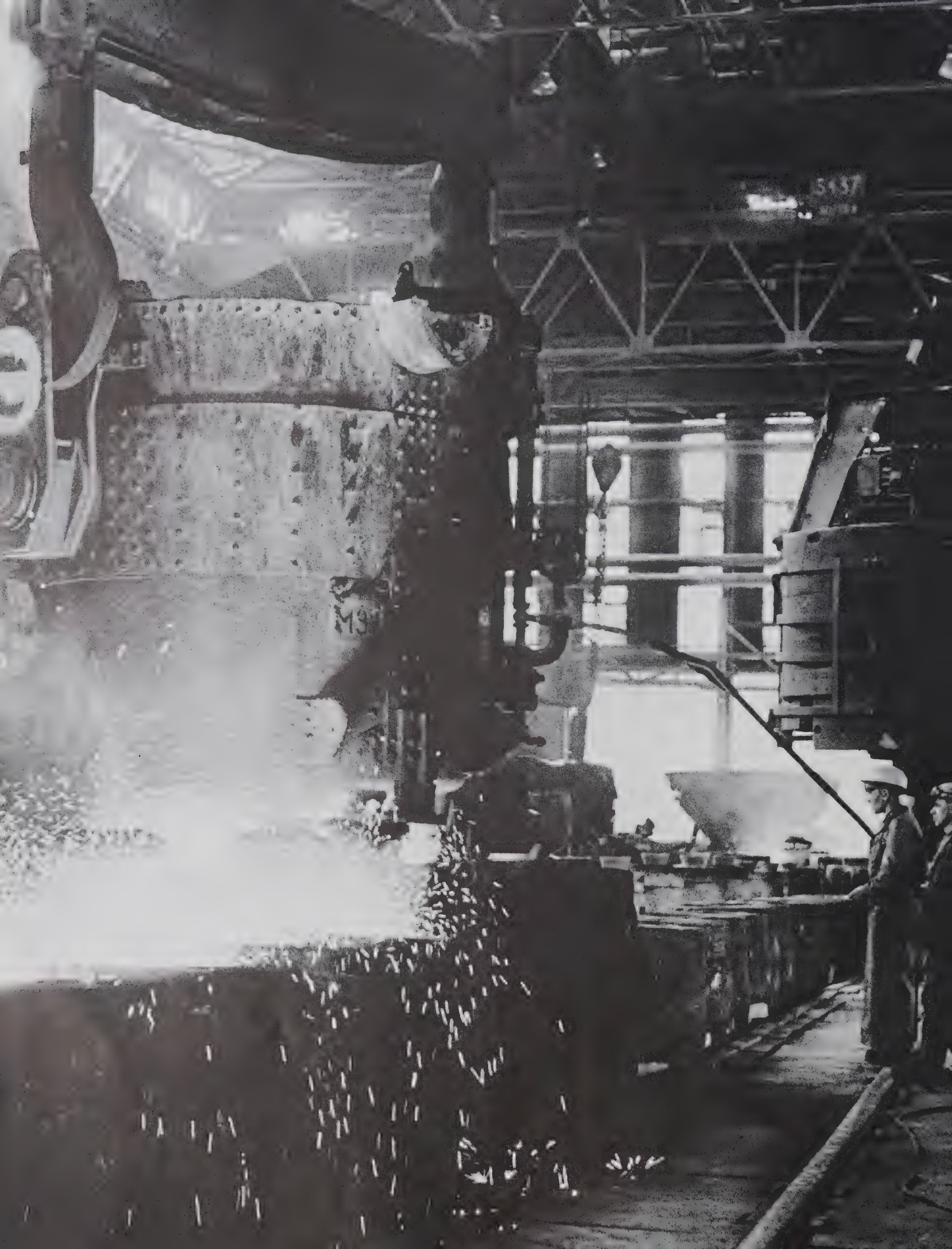
CSC manufactures and sells a broad range of chemicals and chemically-derived specialty products, with production and marketing operations in some 20 nations in North and South America, Europe, Africa, and the Middle and Far East.

Sales in 1973 totaled $129 million, with earnings of $5.5 million or $1.76 per share (extraordinary credits of $6.4 million brought net per share earnings to $3.89). CSC has reported per share ordinary net earnings of $2.48 for the first six months of 1974, compared with 77 cents for the same period last year.

"There is a worldwide shortage of petrochemicals and agricultural chemicals," the company noted in its first quarter report to shareholders. "With price strengthening and capacity operations in the company's specialty chemicals, bulk chemicals and agricultural products, improved sales volume and profit margins have been obtained."

Nepheline syenite, an essential ingredient in glass- and ceramic-making, is produced at Sobin's Blue Mountain, Ontario, mine and mill. The mill crushes and dries the ore, removes impurities, and grinds the product to a fine powder for customer use.

Nepheline syenite lies on the surface of the earth, deposited by glacial action.



Industrial Materials

◀ IMC ferroalloys and carbon products serve the steel industry worldwide.

A resin-producing reactor goes into place at IMC's new foundry products headquarters in Detroit. IMC foundry resins are sold under the Aristo brand name.

IMC enters fiscal 1975 with a restructured industrial materials business which operates worldwide, currently supplying more than 60 raw materials to industrial customers in 24 nations.

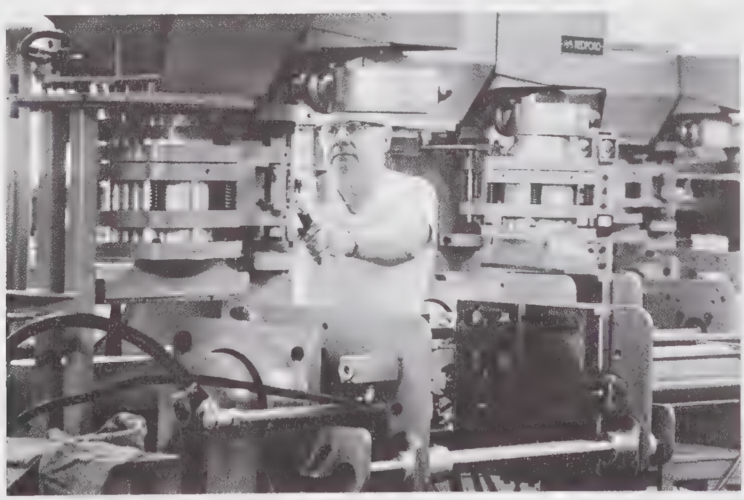
It is a business which produces chrome ore, olivines, and bentonites from five mines in the United States and Africa, turns out ferroalloys at three owned and jointly-owned plants in Canada, Europe, and Mexico, and manufactures core binders, foundry resins, core- and mold-making equipment, and related products at six plants in the United States.

It is a business with initial annual sales of some $200 million, with a significant share of market in eight of its product lines—and with the potential to achieve leadership as an integrated supplier and marketer of raw materials, primarily for the world's steel and foundry industries.

It is a business created by meshing into one international organization two formerly separate but related areas of IMC activity—Continental Ore Corporation, the company's New York-based production and marketing organization serving the international steel industry, and IMC's Detroit-based Foundry Products Division, the nation's leading supplier of foundry minerals and resins.

Concentrating the skills, resources, and facilities of these two groups into one business structure has created an organization which represents a major commitment to the worldwide minerals and metals business, current and potential.

The immediate goal is to back marketing skills with increasing ownership positions in the minerals base and processing facilities of the products sold. Recent steps in this direction include the purchase of reserves for the company's African chrome mine and entry into the coke calcining business with the acquisition from AMAX Inc. of Republic Carbon Products, Inc., which has plants in Texas and California.



Final adjustment is made on a Redford core blower, one of another line of IMC foundry products.


LINES

Transportation

◀ Chemical Leaman tank trucks operate over the roads delivering liquid and dry products for shippers in 48 states and two Canadian provinces.

A significant investment in the transportation field was made early in fiscal 1974 when IMC acquired a 26 percent interest in Chemical Leaman Tank Lines, Inc. This interest was followed up in February, 1974, with a joint announcement by IMC and Chemical Leaman of an agreement in principle for the merger of Chemical Leaman with a new subsidiary of IMC. Consummation of the transaction awaits various government approvals and approval by Chemical Leaman shareholders.

Chemical Leaman, based in suburban Philadelphia, is the largest tank truck company in the United States, specializing in liquid and dry product shipping throughout North America. Tank trucking is the fastest growing segment of the specialty trucking industry, and Chemical Leaman's growth in this area has set the pace for all other lines, with specialized services, specialized equipment and a high degree of flexibility.

Chemical Leaman's 1973 revenues totaled $103 million, with net earnings of $2.4 million. For the first six months of 1974, revenues increased approximately 16 percent over the year-ago period, and first-half earnings were at record highs, increasing approximately 11 percent despite sharply higher operating costs, particularly in truck fuels.

The merger would involve an exchange of a maximum of 458,612 IMC common shares.

Specialized equipment and services provide Chemical Leaman with a high degree of flexibility in serving customers.

Steel drums are cleaned in preparation for reconditioning at Great Lakes Container Corporation's Detroit plant.

Great Lakes Container Corporation

[illegible]

Resource Development

◀ The push is on to meet world demand for fertilizer materials. Here an IMC Resource Development team drills far into the night, mapping the company's extensive phosphate reserves in southeastern Idaho.

IMC's varied new mineral projects and investments were concentrated in fiscal 1974 into a single management and operating function, the IMC Resource Development Group.

The Group is a compact organization of geologists, mining engineers, and administrative and operating personnel; their responsibilities include the exploration, evaluation, acquisition and development of deposits of minerals, metals, and energy sources. Activities range worldwide, with headquarters in Toronto and geological and exploration personnel based in Libertyville.

Major missions are to add to the reserves held by existing IMC agricultural and industrial mining operations and to develop new operations in support of the company's industrial materials marketing organization. In addition, the Group is actively seeking opportunities to develop fresh income and profit potential through ferrous and non-ferrous metals, and energy ventures outside the company's present scope.

Basic exploration and evaluation projects are under way today on four of the earth's six inhabited continents—North and South America, Australia and Africa. Major focal points of these projects are phosphate and potash deposits; iron ore; such minerals for ferroalloys as tungsten, manganese, vanadium, titanium, chromium and nickel; and such base and precious metals as copper, gold, silver and zinc.

Projects on three continents—the Americas and Africa—are in developmental and operational stages. They involve copper, fluorspar, iron, manganese, silver, tungsten and vanadium.

Activities in fluorspar are an example of the Group's role. IMC has for some time been the world's largest private marketer of this raw material essential to steel and aluminum production, selling output from five mines in Latin America and Africa. Now, as the result of a discovery and successful development project, volume is being increased by initial production in Kenya from one of the world's largest known fluorspar deposits. This production is a three-way joint venture in which the government of Kenya is a major partner.

The exploration and development budget will total $4.4 million in fiscal 1975, a figure against which offsetting credits are expected from earnings of mines and investments not currently assigned to other operating units.

Survey crew lays out drilling sites for evaluation of IMC's Idaho phosphate reserves.

Operational Analysis

Sales and Earnings
Major Business Areas

1974 (amounts in millions)	**Agriculture**	1973 (amounts in millions)
$345.2	Sales	$242.3
81.5	Operating income	33.7
51.6	Earnings	23.2
	Product tonnage:	
9.8	Phosphate rock	8.7
3.4	Potash	2.9
.9	Mixed goods	1.0
1.4	All others	1.5
	Industry	
$129.9	Sales	$70.7
7.7	Operating income	4.2
3.3	Earnings	2.8
	Continental Ore Corporation	
$383.4	Sales	$234.9
9.7	Operating income	1.8
2.5	Earnings (loss)	(0.5)

Operating income excludes interest charges, interest earned and other income, and income taxes. Earnings or losses are before extraordinary items. Corporate income and expense, including interest, have been allocated principally based on sales dollars and net invested capital.

Analysis of Improvement

1974 vs. 1973	Earnings (in millions)	Per Share
Increases in 1974 Results:		
Selling Prices—		
Phosphate Rock (primarily export)	$23.6	$1.98
Feed Phosphates	12.4	1.04
Potash (primarily domestic)	11.4	.96
Sales Volumes—		
Phosphate Rock and Potash	13.3	1.12
Rainbow Operations	13.2	1.11
Continental Ore operating income	7.9	.67
Industry operating income (primarily Sobin)	3.5	.29
Total increases	85.3	7.17
Decreases in 1974 Results:		
Agricultural production costs (primarily mining)	22.2	1.87
Income taxes	28.3	2.38
Other items (net)	2.9	.24
Total decreases	53.4	4.49
Net improvement	31.9	2.68
1973 earnings*	25.5	2.10
1974 earnings*	$57.4	$4.78

**Before extraordinary items*

To assist readers of this review, significant accounting policies followed by IMC are printed in blue. These policies, in management's opinion, are in conformity with generally accepted accounting principles and realistically portray IMC's financial position and results of operations.

1974	Significant statistics	1973
	Percent of sales	
79.4%	Cost of goods sold	83.4%
8.1%	Selling, general and administrative	9.4%
6.7%	Earnings before extraordinary items	4.7%
8.2%	Net earnings	4.8%
	Percent of invested capital	
44.1%	Debt, long-term portion	36.8%
55.9%	Equity	63.2%
	Return on invested capital	
10.4%	Earnings before extraordinary items	6.5%
12.7%	Net earnings	6.6%
	Return on shareholders' equity	
18.6%	Earnings before extraordinary items	10.2%
22.8%	Net earnings	10.5%
	Earnings per share	
	Primary	
$4.78	Earnings before extraordinary items	$2.10
$5.92	Net earnings	$2.17
	Fully diluted	
$4.25	Earnings before extraordinary items	$1.94
$5.20	Net earnings	$2.00

Earnings Per Common and Common Equivalent Share

Primary earnings per share are based on the weighted average number of common and common equivalent shares outstanding. Common equivalent shares include dilutive stock options, shares awarded under performance share plans in 1974, and shares contingently issuable based on specified earnings of acquired businesses to date of issue. The per share computations reflect preferred dividends including dividends on the Series C preferred stock at $5 per share for 1974 and $1 for 1973. If an annual dividend rate of $5 per share on the Series C stock had been in effect for 1973, primary earnings per share would have been $2.03 and $2.09, respectively, for earnings before extraordinary items and net earnings.

Fully diluted earnings per share have been determined as stated previously, adjusted as to options for market prices at the end of the period, and assume conversion of the 4% convertible subordinated debentures, the Series B and Series C preferred stock and, in 1974, conversion of the Series A preferred stock. For purposes of these computations, interest on the debentures, after appropriate income tax effect (1974—$799,000; 1973—$1,272,000), and dividends on the Series B and Series C preferred stock and, in 1974, on the Series A preferred stock, have been added to earnings applicable to common shares. Shares issuable on the exercise of other conversion, option and contract rights, including the Series A preferred stock in 1973, have been excluded from the computations as they would either have no effect or would be anti-dilutive. Shares used in the computations are as follows:

	1974	1973
Primary earnings per share:		
Weighted average common shares—		
Outstanding	11,291,633	11,097,184
For stock options	109,343	41,748
For performance share plan	32,826	
Issuable for acquisitions		9,438
	11,433,802	11,148,370
Fully diluted earnings per share:		
Common and common equivalent shares, per above	11,433,802	11,148,370
Additional shares for conversions—		
4% debentures	754,763	823,377
Preferred stock:		
Series A	585,860	
Series B	77,505	108,108
Series C	740,104	787,932
Additional shares for stock options	24,694	47,558
	13,616,728	12,915,345

Principles of Consolidation

Accounts of all significant subsidiaries are consolidated. Investments in nonconsolidated subsidiaries and affiliated companies where ownership exceeds 20% are carried at cost, adjusted for appropriate amortization of intangibles, allowance for losses and equity in operating results. The accounts of Continental Ore Corporation are included for its year ended March 31. Prior to July, 1973, the investment in Sobin Chemicals, Inc. (Sobin) was accounted for on an equity basis and thereafter Sobin's accounts have been included in the consolidated financial statements. See "Acquisitions" and "Divestments."

Acquisitions

In July, 1973, IMC increased its percentage ownership in Sobin from 37% to 81% by (a) transferring to Sobin its ceramics and glass products business and its holdings of Sobin preferred shares and cancelling notes receivable from Sobin, such assets having an aggregate carrying value of $11,175,000 at June 30, 1973, and (b) net payment of $231,000 to Sobin and $2,100,000 to certain Sobin shareholders. Assuming that the increase in ownership in Sobin had occurred as of July 1, 1972, and based on Sobin's audited financial statements for the year ended December 31, 1972, IMC's consolidated net sales and net earnings for 1973 would have been increased by approximately $38,000,000 and $400,000, respectively.

Also in July, 1973, IMC acquired 26% of the outstanding stock of Chemical Leaman Tank Lines, Inc. (Chemical Leaman) for $5,500,000. Chemical Leaman's revenues, net earnings and net assets for calendar 1973 were $103,069,000, $2,411,000 and $22,202,000, respectively. In April, 1974, IMC and Chemical Leaman agreed, subject to approvals by Chemical Leaman shareholders and regulatory agencies and certain other conditions, to the merger of Chemical Leaman with a new subsidiary of IMC. The merger would be accomplished by the exchange of up to a maximum of 458,612 IMC common shares on the basis of one share of IMC common stock for each 2.15 shares of Chemical Leaman common stock. On August 1, 1974, IMC and Chemical Leaman announced that the Interstate Commerce Commission had ordered a hearing on the transfer of Chemical Leaman's operating rights to a subsidiary of IMC, as contemplated by the merger. Managements of the companies stated that the hearing might delay consummation of the transaction beyond the deadlines previously contemplated, and, accordingly, an evaluation was being made of the significance of the order and its possible impact on their merger plans.

During fiscal 1974, IMC subsidiaries acquired (1) a 49% interest in SAMAF, a French holding company, which has minor interests in two foreign mining operations, for $6,200,000, (2) a phosphate fertilizer and animal feed plant for $14,500,000 and (3) a chlor-alkali plant for $5,400,000. Pro forma combined sales and earnings information for 1973 and

1974, assuming that the phosphate operations had been acquired as of July 1, 1972, is not presented as, based on unaudited reported amounts for calendar year 1973, the phosphate operations were not material to IMC's consolidated operating results for 1973 or for the period in 1974 prior to acquisition.

During March, 1974, IMC made a cash tender offer for shares of common stock of Commercial Solvents Corporation (Commercial Solvents) at a price of $30 net per share, resulting in the purchase of 1,142,546 shares for approximately $35,000,000 including expenses. A second cash tender offer on June 28, 1974 (also at $30 net), which expired on August 2 resulted in acceptance of approximately 284,000 shares, bringing total ownership to approximately 47%. Summarized information for Commercial Solvents for the years ended December 31, 1973 and 1972, based on its audited financial statements, follows:

	1973	1972
Year ended December 31:		
Revenues	$128,851,000	$112,082,000
Earnings before extraordinary items	5,453,000	2,119,000
Net earnings	11,893,000	2,119,000
At December 31:		
Total assets	125,179,000	104,645,000
Shareholders' equity	67,300,000	57,151,000

Subsequent to June 30, 1974, IMC purchased petroleum coke and ferrosilicon operations for an aggregate amount approximating $18,200,000. Unaudited sales and earnings of these operations are not material to IMC's 1974 results.

Subsidiaries and Affiliates

The accounts of foreign subsidiaries have been translated generally at (1) current rates for current assets and liabilities, (2) historical rates as of the dates of the transactions for long-term assets and liabilities and capital accounts and (3) average rates during the year for revenues and expenses, other than depreciation and depletion. Resultant gains or losses on translation together with realized gains or losses on foreign currency transactions generally have been included in earnings in the year incurred. Gains or losses on forward exchange contracts related to commercial transactions are included in earnings at the time the commercial transaction is so included. Provision for loss is made on other forward exchange contracts as incurred and related gains are included in earnings at settlement date. Included in other income were net gains of $1,448,000 in 1974 and net losses of $772,000 in 1973. If long-term receivables and payables at June 30, 1974 and 1973, were translated at current rates there would be no material effect upon the consolidated balance sheet at such dates.

Summarized financial information for consolidated foreign subsidiaries presented below (1) as to net sales and net assets, includes intercompany transactions and accounts, and (2) as to net earnings, excludes intercompany transactions, except charges for administrative costs.

	1974	1973
Net sales	$253,640,000	$176,291,000
Net earnings	$ 30,295,000	$ 14,341,000
Current assets	$148,410,000	$115,962,000
Investments and other assets	22,999,000	18,808,000
Net property, plant and equipment	108,978,000	100,104,000
Total assets	280,387,000	234,874,000
Liabilities	88,672,000	73,979,000
Net assets	$191,715,000	$160,895,000

After reduction for dividends declared but not yet paid, undistributed earnings of consolidated foreign subsidiaries included in consolidated retained earnings at June 30, 1974, approximated $155,000,000.

At June 30, 1974, investments in and advances to nonconsolidated subsidiaries and affiliates include $35,848,000 relating to Commercial Solvents and $5,895,000 relating to Chemical Leaman. The quoted market values of these investments at June 30, 1974, were $32,705,000 and $4,417,000, respectively. Such quoted market values, in view of IMC's substantial ownership in these companies, may not be indicative of actual fair values for these investments. Based on audited financial statements of Chemical Leaman and Commercial Solvents, the excess of purchase cost of all of such investments over equity in net tangible assets at acquisition approximated $11,609,000 at June 30, 1974 The excess cost is being amortized over periods of up to forty years. At June 30, 1973, investments and advances included Sobin, which became a consolidated subsidiary in 1974.

Inventories

Inventories are stated at the lower of cost or market (replacement cost or net realizable value, as appropriate). Cost is determined principally on the basis of cumulative annual averages, first-in, first-out or specific items.

Details of product inventories at June 30, 1974 and 1973, follow:

	1974	1973
Agricultural products	$27,447,000	$19,909,000
Industrial products	8,282,000	11,101,000
Trading operations	19,481,000	32,996,000
Land held for sale	12,490,000	4,575,000
	$67,700,000	$68,581,000

Property, Plant and Equipment

Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for betterments and renewals are capitalized. Upon sale or other retirement of depreciable or depletable property, the cost and accumulated depreciation or depletion are removed from the accounts and any gain or loss is either included in income or charged to the allowance for plant closings, as appropriate. Depreciation has been provided over estimated useful lives principally on the straight-line and unit-of-production methods. Depletion of mineral deposits is based on amortizing costs in relation to estimated tonnage of recoverable products.

Mineral properties include certain phosphate rock properties in Florida which have not been mined since acquisition. In 1974, it was determined that certain of these properties will be used as real estate or for purposes other than reserves and the carrying value was reduced to estimated realizable value. The reduction in carrying value did not have a material effect on1974 earnings.

Prior to 1974, IMC capitalized interest costs directly attributable to major construction projects. In 1974, IMC changed its accounting policy to charge such costs to expense as incurred. This change was made in view of increasing and more volatile trends in interest rates during the past year resulting in significantly larger and more unpredictable amounts of interest costs, which would have been capitalized under the prior policy. IMC believes that because of the substantial amounts of interest costs involved and the relatively lengthy construction periods, charging such costs to expense as incurred represents a more conservative and preferable accounting practice. This change had no material effect on 1974 earnings. The unamortized balance of interest costs capitalized in prior years was not material, and if the new policy had been in effect in 1973 there would have been no material effect on 1973 earnings.

Construction in progress at June 30, 1974, of $58,300,000 included $38,687,000 attributable to the Florida phosphate chemicals complex.

Exploration and Research Costs

Mineral exploration costs and research and development expenditures are charged to expense as incurred.

Income Taxes

The consolidated federal income tax returns which IMC files have been examined through 1970. IMC-Canada's tax returns have been examined by Canadian tax authorities through 1969. Major issues raised in these examinations relate to IMC's method of computing percentage depletion, deductions for losses on closed plants and investments, basis of certain assets acquired and, beginning with 1963, pricing of potash purchased from, or sold on behalf of, the Canadian subsidiary. During 1974, agreement was reached with the Internal Revenue Service on a number of the issues, including potash pricing. It is believed that adequate provision has been made for income taxes through 1974.

In both 1974 and 1973, IMC utilized prior years' operating loss carryforwards and other deductions in arriving at its taxable income or loss for federal income tax purposes. The provisions for federal income taxes for such years included in the accompanying consolidated financial statements, however, have been determined based upon the federal income taxes that would have been payable in the absence of the carryforwards. Accordingly, such provisions have been increased for the effects of utilization of operating loss carryforwards, after application of available investment tax credits of $5,600,000 in 1974 and $1,800,000 in 1973. At June 30, 1974, operating loss carryforwards had been fully utilized. Other deductions, consisting principally of capital losses, approximating $13,000,000 at such date may be applied to reduce income, principally capital gains, reported for federal income tax purposes in future years. Also, at June 30, 1974, IMC had investment tax credits of approximately $2,000,000 which may be used to reduce federal income taxes payable in future years. When such investment credits are used, approximately $2,200,000 will be charged against deferred income taxes, with no effect on earnings, to eliminate investment tax credits previously applied in the determination of deferred income taxes for financial reporting purposes; and approximately $4,200,000, which has been previously applied in the determination of the effect of utilization of loss carryforwards for financial reporting purposes, will be reported as an extraordinary credit.

The provision for income taxes includes foreign taxes of $20,717,000 in 1974 ($8,064,000 in 1973) and state and local taxes of $2,070,000 in 1974 ($366,000 in 1973).

Deferred income taxes have been provided on significant differences, arising from the timing of recognition of certain transactions for financial statement purposes and for income tax purposes. Investment tax credits are accounted for on the flow-through method and are applied, as available, to the provision for federal income taxes for financial statement purposes.

Deferred income taxes relate principally to the excess of tax over book depreciation and, in 1974, to dividends to be received from foreign subsidiaries and allowances for losses.

A reconciliation of differences between the federal statutory rate and the consolidated effective tax rate is as follows:

	1974	1973
Federal statutory rate	48.0%	48.0%
Investment tax credits	(5.8)	(5.0)
Percentage depletion	(5.3)	(7.3)
Foreign income taxes, different bases and rates	(6.3)	(7.5)
Foreign dividends	5.5	
Minimum tax on tax preference items	2.3	
Other	2.1	1.3
Consolidated effective tax rate	40.5%	29.5%

It is IMC's policy to provide for income taxes applicable to its equity in the earnings of affiliated companies, based on the assumed remittance of such earnings on a current basis. Except as stated below, IMC intends to invest the earnings of foreign subsidiaries in the businesses and no provision has been made for taxes which would be payable if such earnings were paid to the parent corporations. Due to a change in circumstances in 1974, one foreign subsidiary will pay a dividend to its parent company in 1975. A dividend has also been declared by another foreign subsidiary, representing a portion of its 1974 earnings. Provisions of $4,300,000 for related withholding taxes and income taxes, less foreign tax credits, have been included in the 1974 provision for income taxes.

Divestments

During the period February to May, 1974, IMC sold, for approximately book value, the refractories business of its Lavino Division and certain product lines of its trading business. In addition, a decision has been made to discontinue certain other operations of the trading business. The refractories business was sold to Kaiser Aluminum & Chemical Corporation for $2,000,000 cash and $14,000,000 in notes. The product lines were sold for approximately $12,309,000, a portion of which was purchased by former officers of the trading business. Provision has been made for losses on the operations to be discontinued, including estimated operating losses during the shut-down period. Revenues of these operations included in consolidated revenues for 1974 and 1973 were approximately $107,000,000 and $87,000,000, respectively. Earnings and losses of these operations, in the aggregate, were not material during these years.

In October, 1973, IMC sold its corporate office facilities for approximately $8,800,000 cash and entered into a five-year lease for these facilities. The sale was made as a result of IMC's decision to relocate its headquarters. The gain on the sale, approximating $3,000,000, has been deferred. A portion of the gain is being amortized as a reduction of rental expense in connection with the leaseback transaction and the balance will be applied as a reduction of relocation costs.

In 1974, IMC disposed of its investment in Cor-Plex International Corp., acquired in September 1972. The operations of this business had no significant effect on consolidated revenues and earnings in fiscal 1973. Losses on this investment in 1974 aggregated approximately $5,200,000, including approximately $4,100,000 applicable to the disposition.

Losses on Investments and Discontinued Operations and Extraordinary Items

In 1974 and prior years, provisions were made for estimated losses on investments and discontinued operations by charges to operations and by extraordinary charges. A summary of changes in the accumulated provisions follows:

	1974	1973
Balance at beginning of year	$12,515,000	$18,789,000
Additions, including extraordinary provision of $3,100,000 in 1973	8,728,000	4,387,000
	21,243,000	23,176,000
Less:		
Losses, net of gains, on disposal of property, plant and equipment	2,195,000	3,591,000
Plant closing and pre-operating costs	2,053,000	1,951,000
Investments disposed of	5,874,000	2,468,000
Reclassification to accumulated depreciation	3,219,000	
Settlement of guarantee and other obligations		1,410,000
Elimination of excess prior years' provisions		1,241,000
	13,341,000	10,661,000
Balance at end of year	$ 7,902,000	$12,515,000

The accumulated provisions at June 30, 1974 and 1973, are included in the consolidated balance sheet as follows:

	1974	1973
Allowance for losses on investments	$ 5,257,000	$ 5,257,000
Property, plant and equipment	1,018,000	4,686,000
Current assets and liabilities	1,627,000	2,572,000
	$ 7,902,000	$12,515,000

In 1973, IMC completed the discontinuance or disposition of certain operations for which provisions for losses (extraordinary charges) had been made in prior years. The excess of estimated amounts provided in prior years over actual costs and losses was reflected as an extraordinary credit in 1973. In June, 1973, an extraordinary charge of $1,850,000, net of tax, was made for estimated losses and costs to be incurred in connection with the closing and disposition of IMC's rhenium operations.

Extraordinary items for 1974 and 1973 were as follows:

	1974	1973
Effect of utilization of loss carryforwards	$13,000,000	$ 1,345,000
Elimination of excess provisions for losses and costs of plant closings, no income tax effect		1,241,000
	13,000,000	2,586,000
Less:		
Provision for losses and costs on rhenium operations, less tax effect of $585,000		1,850,000
Net extraordinary credit	$13,000,000	$ 736,000

During 1974, provision has been made for losses on Cor-Plex, on an investment in a foreign mining operation and on other operations to be discontinued, including estimated losses during the shut-down periods, aggregating $8,728,000. As required by Opinion No. 30, adopted in September, 1973, by the Accounting Principles Board of the American Institute of Certified Public Accountants, IMC has changed its criteria for the types of items to be included in determining earnings before extraordinary items in the consolidated statement of earnings for 1974. In 1973, IMC provided for the estimated loss on closing and disposition of its rhenium operations as an extraordinary charge in conformity with accounting principles then generally accepted. In 1974, the provisions for losses on investments and discontinuance of operations, referred to above, were included in determining earnings before extraordinary items, in conformity with the newly issued opinion. The opinion prohibits restating the 1973 financial statements so that comparability of treatment may be afforded these items. Had the opinion been in effect for 1973, net earnings would have been the same, but earnings before extraordinary items would have been $23,637,000 ($1.93 per share).

Debt

In January, 1974, IMC refinanced the 6.65% notes of $100,000,000 with an insurance company by increasing borrowings to $140,000,000 under 7.45% notes due in 1994 with annual instalments of $7,500,000 commencing in 1978 and a final payment of $20,000,000 in 1994.

The 4% convertible subordinated debentures require annual sinking fund payments, beginning January 1, 1977, of one-fifteenth of the principal amount outstanding on January 1, 1976. IMC has purchased a total of $13,256,000 principal amount of these debentures, including $2,786,000 in 1974 and $4,627,000 in 1973. Gains on these purchases of $713,000 in 1974 and $1,522,000 in 1973 were included in other income, net. These purchases may be applied toward any sinking payment. The debentures are currently convertible into common stock at $50.82 per share and are redeemable at prices ranging from 103.6% in 1974 to 100% in 1986 and thereafter.

The 8.25% notes and the variable interest notes represent initial borrowings made by IMC Chemicals Corp. (IMC Chemicals), a wholly-owned subsidiary, in connection with its construction of a phosphate chemicals complex. These borrowings were made under a noncancellable loan agreement which provides for total borrowings of $52,000,000 under the 8.25% notes and $37,500,000 under the variable interest notes. The variable interest notes bear interest at 116% of the lead bank's base rate to June 30, 1975, and 120% thereafter and are payable in twenty-six increasing quarterly instalments, averaging $1,442,000, from the earlier of the time construction is completed or March 31, 1977. The 8.25% notes are payable in twenty-three increasing quarterly instalments, averaging $2,260,000, from the earlier of the time final payment is made on the variable interest notes or June 30, 1983. The agreement also provides for a commitment fee of ½ of 1% of the unused portion through October 31, 1976. The capital stock of IMC Chemicals and its rights under certain contracts, including those under long-term sales arrangements covering a substantial portion of the output of the facility, serve as collateral for the notes and IMC is obligated to purchase such notes in the event of default in payment by IMC Chemicals.

Details of other debt follow:

	1974	1973
5¾% note due in annual instalments of $550,000 to 1982	$ 5,050,000	$
5¼% note due in semi-annual instalments of $300,000 to 1980	3,700,000	4,300,000
7% note due in annual instalments of $775,000 to 1978	3,100,000	
Other	9,446,000	2,815,000
	$21,296,000	$ 7,115,000

Maturities of long-term debt in each of the next five years, assuming application of purchased 4% convertible debentures to the earliest sinking fund payments, are approximately as follows:

1975	$ 3,900,000
1976	5,800,000
1977	7,650,000
1978	15,450,000
1979	15,000,000

Certain debt agreements require maintenance of consolidated working capital of $120,000,000 and restrict the payment of dividends and the purchase, retirement or redemption of capital stock. Consolidated retained earnings not restricted under these provisions amounted to approximately $50,000,000 at June 30, 1974.

IMC has agreed with certain banks to maintain average balances equal to 15% of the total available credit. The balances maintained are not legally restricted and, with respect to certain of the banks, also serve to reimburse the bank for other services and would be required for operating purposes even in the absence of such agreements. During the twelve months ended June 30, 1974 the average balances required aggregated $4,500,000, equivalent to $4,100,000 after adjustment for average net float during the period.

Shareholders' Equity

Series preferred stock outstanding at June 30, 1974 and 1973, was:

	1974	1973
Series A, 5% convertible, cumulative, 259,243 shares authorized and outstanding	$25,924,000	$25,924,000
Series B, 5% convertible, cumulative, 40,000 shares authorized and 13,711 shares outstanding (40,000 shares in 1973)	1,371,000	4,000,000
Series C, 5% (1% in 1973) convertible, cumulative, 199,583 shares authorized and 179,361 shares outstanding (196,983 shares in 1973)	17,937,000	19,698,000
	$45,232,000	$49,622,000

The series preferred stock is currently convertible at $44.25 per share for Series A, $37.00 for Series B and $25.00 for Series C. It is redeemable at $104.00 per share for Series A and $104.50 for Series B and Series C, with the redemption price to be reduced annually by $.50 per share to $100 par value. The Series C stock is not redeemable until January 1, 1976, unless the average market price of the common stock is at least $50 per share for ten consecutive days.

A summary of changes in issued common stock and capital in excess of par value during 1974 and 1973 follows:

	Common stock Shares	Amount	Capital in excess of par value
Balance June 30, 1972	11,160,063	$55,801,000	$3,167,000
Exercise of stock options	52,585	263,000	780,000
Balance June 30, 1973	11,212,648	56,064,000	3,947,000
Earnout on acquisition of a business	9,438	47,000	(47,000)
Exercise of stock options	153,431	767,000	2,140,000
Conversion of Preferred Stock			
Series B	71,044	355,000	2,274,000
Series C	30,488	152,000	610,000
Purchase of Series C			(410,000)
Balance June 30, 1974	11,477,049	$57,385,000	$8,514,000

In 1974, 26,289 shares of Series B and 7,622 shares of Series C preferred stock were converted into common stock and 10,000 shares of Series C were purchased.

Changes in treasury shares during 1974 follow:

	4% Preferred Stock	Common Stock	Total
Balance June 30, 1973 (1,670 preferred shares; 90,123 common shares)	$ 158,000	$1,032,000	$1,190,000
Acquisition of 30,000 common shares		1,016,000	1,016,000
Balance June 30, 1974 (1,670 preferred shares; 120,123 common shares)	$ 158,000	$2,048,000	$2,206,000

At June 30, 1974 and 1973, common shares were reserved as follows:

	1974	1973
Conversion of debentures	723,022	777,843
Conversion of Series preferred stock	1,340,359	1,481,900
Issuance under stock option plans	492,845	376,503
Issuance to former shareholders of an acquired business		108,604
	2,556,226	2,744,850

Pension Plans

Pension plans cover substantially all employees. Pension expense for 1974 was $1,963,000 ($2,290,000 in 1973), including amortization of unfunded prior service costs. Unfunded prior service costs are amortized over various periods up to forty years. The unfunded portion of prior years' pension accruals of $1,663,000 at June 30, 1974 ($1,683,000 at June 30, 1973), which is included in other non-current liabilities, is being funded ratably over forty years.

Stock Options

In October, 1973, the shareholders approved a new non-qualified stock option plan providing for issuance of up to 300,000 common shares. Under this plan options may be granted to officers and other key employees at prices not less than 100% of the market price at date of grant and may be exercised over a ten year period (none during the first year and 50% maximum during the second year). A total of 149,500 shares were granted under this plan through June 30, 1974.

Under a qualified stock option plan which expired in September, 1973, options are exercisable not earlier than one nor later than five years from date of grant.

As options are exercised, the excess of proceeds over par value of the stock issued or the difference between the proceeds and cost of treasury stock is charged or credited to capital in excess of par value. No amounts are charged to income in accounting for the options.

Information on options for 1974 and 1973 follows:

	Number of shares 1974	1973
At June 30:		
Outstanding (at prices ranging from $13 to $37)	342,345	359,590
Exercisable	54,951	143,124
Reserved for future option grants	150,500	16,913
During the year:		
Granted	155,500	95,500
Cancelled	19,314	15,400
Exercised	153,431	68,560

A performance share plan was adopted in July, 1973, under which awards up to 55,000 common treasury shares, or cash equivalent, may be earned by corporate officers, contingent upon achievement of specified earnings during the four years ended June 30, 1977. There have been 54,100 common shares granted under this plan.

A new performance share plan was adopted by IMC's Board of Directors in June, 1974, for key employees other than officers under which awards of up to 30,000 common treasury shares, or cash equivalent, may be earned contingent upon achievement of specific performance objectives over a three-year period ended June, 1977. Performance awards of 23,000 shares have been granted under this plan.

Commitments and Contingencies

Major lease commitments covering potash, phosphate and other mineral properties provide for the greater of minimum royalties, rentals, or royalties based on production. Minimum annual payments for each of the next five years under mineral property leases range from $3,100,000 to $3,600,000.

Rent expense in 1974 and 1973, respectively, excluding mineral property rents, net of credits of $2,800,000 and $1,680,000, was $7,186,000 and $6,397,000, including contingent rent of $1,165,000 and $2,604,000.

Rental commitments as of June 30, 1974, under such leases with a remaining noncancellable period exceeding one year are set forth below. Railroad car rentals have been reduced for estimated mileage credits ranging from $2,800,000 in fiscal 1975 to $800,000 in fiscal 1979.

Years ended June 30	Railroad Cars	Other
1975	$1,506,000	$3,755,000
1976	1,367,000	2,689,000
1977	1,308,000	2,120,000
1978	1,038,000	1,718,000
1979	1,184,000	1,138,000
1980-1984	5,246,000	2,689,000
1985-1989	7,000	675,000
1990-1994		552,000

Certain of the leases referred to above are considered to be financing leases. If these leases were capitalized, the proforma effect on net income for fiscal year 1974 would be less than 3% of average net earnings for the three most recent fiscal years. IMC has an option, under a lease relating to land and improvements on which it has constructed certain facilities, to purchase such property on expiration of the lease in 1975 for $4,500,000.

IMC-Canada is committed under a service agreement to produce specified quantities (up to 1,000,000 tons under certain conditions) of potash annually from mineral reserves sold in 1971. The initial term of the agreement expires in 1981 and, at the option of the buyer, is renewable for six additional five-year periods. The agreement may be cancelled on retransfer of ownership of the reserves.

At June 30, 1974, IMC and certain consolidated subsidiaries have guaranteed indebtedness of others approximating $13,207,000 and are contingently liable in connection with approximately $6,770,000 of notes receivable discounted. IMC is committed to purchase certain properties in Florida for $2,600,000 in October, 1974.

A subsidiary is committed to pay minimum annual charter fees of $1,800,000 (subject to escalation subsequent to 1976) for a vessel through 1981. A portion of these payments may be applied, at the subsidiary's option, to the purchase of the vessel for approximately $8,000,000.

In connection with a prior sale of phosphate chemicals facilities, IMC is committed to purchase, in the event of a default by the buyer or on certain other stipulated conditions, first mortgage notes issued by the buyer to a lender in the aggregate principal amount of $20,872,000 at June 30, 1974, which are payable by January 1, 1984.

IMC has commitments for major construction and expansion of facilities, principally relating to a phosphate chemicals complex, aggregating approximately $54,000,000 at June 30, 1974.

A customer of the phosphate chemicals complex presently under construction has a ninety-day option, exercisable in the future, to purchase a 21% interest in the complex, subject to amendment of the loan agreement and related instruments if required.

The minority shareholders in Sobin have a nontransferable option (which may be exercised only once) to tender all or any part of their 449,932 shares to IMC and IMC has agreed to purchase the tendered shares at a price which is the greater of $8.50 per share or an amount based upon a multiple of Sobin's earnings for its two fiscal years preceding the exercise date.

In connection with the acquisition of a 49% interest in a French holding company, IMC has agreed that it and the other owners can, by making an offer at a specified price, require the other to buy or sell at that price.

The Saskatchewan provincial government has proposed new mining taxes and has indicated its intention to participate in the operations and development of the potash resources in the province. Deductibility of provincial mining taxes may not be permitted for Canadian federal income tax purposes. These matters, including the rate and form of the provincial tax, are currently under discussion between government and industry representatives, and the outcome could have a significant effect on future operations.

Consolidated Statement of Earnings

Years ended June 30

1974		1973
	Revenues:	
$858,483,000	Net sales	$547,933,000
7,148,000	Interest earned	4,781,000
6,165,000	Other income, net	4,149,000
871,796,000		556,863,000
	Costs and expenses:	
681,689,000	Cost of goods sold	456,886,000
8,728,000	Loss on investments and discontinued operations	
69,193,000	Selling, administrative and general expenses	51,393,000
15,785,000	Interest charges	12,445,000
775,395,000		520,724,000
96,401,000	**Earnings before income taxes and extraordinary items**	36,139,000
	Provision for income taxes:	
24,209,000	Current	4,352,000
1,791,000	Deferred	4,370,000
13,000,000	Loss carryforward utilization	1,930,000
39,000,000		10,652,000
57,401,000	**Earnings before extraordinary items**	25,487,000
13,000,000	Extraordinary credit, net	736,000
$ 70,401,000	**Net earnings**	$ 26,223,000
	Earnings per common and common equivalent share:	
	Primary—	
$4.78	Earnings before extraordinary items	$2.10
5.92	Net earnings	2.17
	Fully diluted—	
$4.25	Earnings before extraordinary items	$1.94
5.20	Net earnings	2.00

See Financial Review on pages 23 to 30

Consolidated Balance Sheet

June 30

1974		1973
	Assets	
	Current assets:	
$ 96,605,000	Cash and marketable securities at cost, approximating market	$ 33,841,000
168,084,000	Receivables, less allowances of $5,960,000 in 1974 and $4,776,000 in 1973	147,020,000
	Inventories—	
67,700,000	Products (principally finished)	68,581,000
11,165,000	Operating materials and supplies	8,825,000
78,865,000		77,406,000
2,608,000	Prepaid expenses	1,627,000
346,162,000	Total current assets	259,894,000
	Investments and long-term receivables:	
59,562,000	Investments in and advances to nonconsolidated subsidiaries and affiliates, less allowances of $3,916,000 in 1974 and $6,679,000 in 1973	27,957,000
21,409,000	Long-term receivables and other investments at cost, less allowances of $2,448,000 in 1974 and $3,170,000 in 1973	23,194,000
80,971,000		51,151,000
	Property, plant and equipment, at cost:	
4,767,000	Land	4,617,000
57,794,000	Mineral properties, including leases, permits and development costs	58,418,000
96,037,000	Buildings and leasehold improvements	92,517,000
243,409,000	Machinery and equipment	209,814,000
58,300,000	Construction in progress	9,790,000
460,307,000		375,156,000
(12,495,000)	Accumulated depletion	(11,567,000)
(150,792,000)	Accumulated depreciation	(138,263,000)
(163,287,000)		(149,830,000)
297,020,000	Net property, plant and equipment	225,326,000
20,308,000	**Deferred royalties and other assets**	18,629,000
$744,461,000		$555,000,000

See Financial Review on pages 23 to 30

1974	Consolidated Balance Sheet *June 30*	1973
	Liabilities and Shareholders' Equity	
	Current liabilities:	
$ 5,992,000	Notes payable	$ 53,914,000
113,003,000	Accounts payable and accrued liabilities	62,819,000
27,604,000	Income taxes	9,234,000
3,885,000	Current maturities of long-term debt	1,753,000
150,484,000	Total current liabilities	127,720,000
	Long-term debt, less current maturities:	
140,000,000	7.45% notes (6.65% in 1973)	100,000,000
36,893,000	4% convertible subordinated debentures	39,712,000
	IMC Chemicals Corp. indebtedness—	
20,625,000	Variable interest notes (13.9% at June 30, 1974)	
28,600,000	8.25% notes	
21,296,000	Other, 4% to prime plus 1% (4-10% in 1973)	7,115,000
247,414,000		146,827,000
3,885,000	Less current maturities	1,753,000
243,529,000		145,074,000
	Other noncurrent liabilities and deferred credits:	
23,855,000	Deferred income taxes	21,778,000
5,843,000	Deferred income on sale of mineral reserves	5,843,000
11,534,000	Miscellaneous	4,913,000
41,232,000		32,534,000
	Shareholders' equity:	
10,000,000	4% cumulative preferred stock, $100 par value, redeemable at $110 per share, 100,000 shares authorized and issued, including treasury shares	10,000,000
45,232,000	Series preferred stock, $100 par value, 1,000,000 shares authorized, 452,315 shares outstanding in 1974, 496,226 in 1973	49,622,000
57,385,000	Common stock, $5 par value, 20,000,000 shares authorized, 11,477,049 shares issued in 1974, 11,212,648 in 1973, including treasury shares	56,064,000
8,514,000	Capital in excess of par value	3,947,000
190,291,000	Retained earnings	131,229,000
311,422,000		250,862,000
2,206,000	Less treasury shares, at cost	1,190,000
309,216,000	Total shareholders' equity	249,672,000
$744,461,000		$555,000,000

See Financial Review on pages 23 to 30

Consolidated Statement of Changes in Financial Position *Years ended June 30*

1974		1973
	Source of funds:	
	Operations—	
$57,401,000	Earnings before extraordinary items	$25,487,000
	Charges (credits) to income not affecting working capital:	
23,447,000	Depreciation and depletion	16,580,000
1,791,000	Deferred income taxes	4,370,000
13,000,000	Loss carryforward utilization	1,930,000
5,657,000	Loss on investments and discontinued operations (less $3,071,000 affecting working capital)	
3,823,000	Other	(373,000)
105,119,000		47,994,000
	Extraordinary credit, net, affecting working capital	(1,063,000)
105,119,000	Total from operations	46,931,000
101,652,000	Increase in long-term debt, net of refinancing	
17,982,000	Proceeds from sale of property, plant and equipment	5,633,000
2,907,000	Common stock issued under stock option plans	1,353,000
227,660,000		53,917,000
	Use of funds:	
97,101,000	Additions to property, plant and equipment	21,973,000
5,406,000	Noncurrent assets of acquired businesses, less noncurrent liabilities of $13,012,000	
33,941,000	Increase in investments and long-term receivables	5,369,000
11,339,000	Dividends	6,301,000
12,975,000	Reduction in long-term debt	6,949,000
2,426,000	Purchase of capital stock	1,279,000
968,000	Other net changes in financial position	4,688,000
164,156,000		46,559,000
$63,504,000	Increase in working capital	$ 7,358,000
	Changes in elements of working capital:	
	Increase (decrease) in current assets—	
$62,764,000	Cash and marketable securities	$ 2,568,000
21,064,000	Receivables	11,502,000
1,459,000	Inventories	(987,000)
981,000	Prepaid expenses	(699,000)
86,268,000		12,384,000
	Increase (decrease) in current liabilities—	
(47,922,000)	Notes payable	4,469,000
50,184,000	Accounts payable and accrued liabilities	(3,318,000)
18,370,000	Income taxes	4,097,000
2,132,000	Current maturities of long-term debt	(222,000)
22,764,000		5,026,000
$63,504,000	Increase in working capital	$ 7,358,000

See Financial Review on pages 23 to 30.

Consolidated Statement of Retained Earnings *Years ended June 30*

1974		1973
$131,229,000	Balance at beginning of year	$111,307,000
70,401,000	Net earnings	26,223,000
201,630,000		137,530,000
	Deduct dividends paid:	
	Preferred stock—	
393,000	4%—$4 per share	393,000
1,296,000	Series A, 5%—$5 per share	1,296,000
135,000	Series B, 5%—$5 per share	200,000
912,000	Series C, 5%—$5 per share (1%—$1 per share in 1973)	198,000
8,603,000	Common stock, $.76 per share ($.38 per share in 1973)	4,214,000
11,339,000		6,301,000
$190,291,000	Balance at end of year	$131,229,000

See Financial Review on pages 23 to 30.

Auditors' Report

To the Shareholders and Board of Directors of
International Minerals & Chemical Corporation

We have examined the accompanying consolidated balance sheet of International Minerals & Chemical Corporation at June 30, 1974 and the related consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously made a similar examination of the consolidated financial statements for the prior year.

In our opinion, the statements mentioned above present fairly the consolidated financial position of International Minerals & Chemical Corporation at June 30, 1974 and June 30, 1973 and the consolidated results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period, except for the change, with which we concur, in the method of determining earnings before extraordinary items as explained in the last paragraph under the caption "Losses on Investments and Discontinued Operations and Extraordinary Items" in the Financial Review.

Arthur Young & Company

Chicago, Illinois
August 5, 1974

1974	1973	1972	1971	1970	10-Year Comparison ($ in millions except per share amounts)
$858.5	$547.9	$491.2	$517.6	$505.9	Net sales
57.4	25.5	20.3	12.9	4.5	Earnings before extraordinary items
13.0	.7		1.6		Extraordinary credits (charges), net
70.4	26.2	20.3	14.5	4.5	Net earnings (loss)
					Per share:
4.78	2.10	1.64	.98	.22	Earnings before extraordinary items
5.92	2.17	1.64	1.12	.22	Net earnings (loss)
84.1	22.0	15.4	17.9	13.8	Capital expenditures
23.4	16.6	15.9	15.4	17.5	Depreciation and depletion
297.0	225.3	225.5	238.4	244.3	Property, plant and equipment
243.5	145.1	151.9	197.5	208.5	Long-term debt, less current maturities
309.2	249.7	229.7	214.0	200.1	Shareholders' equity
552.7	394.8	381.6	411.5	408.6	Invested capital
22.38	17.10	15.31	13.97	12.89	Book value per common share
					Earnings before extraordinary items as a % of
6.7%	4.7%	4.1%	2.5%	.9%	Net sales
18.6	10.2	8.8	6.0	2.3	Shareholders' equity
10.4	6.5	5.3	3.1	1.1	Invested capital
29,500	35,094	36,305	37,054	39,896	Number of shareholders**
5,689	6,165	6,222	7,010	7,750	Number of employees

**Not restated for poolings of interests*
***Includes estimated number of beneficial owners*

1969	1968	1967	1966	1965
$504.6	$501.8	$461.7	$418.3	$356.3
3.1	13.1	19.7	29.7	22.8
(23.7)	(3.8)	(2.8)		
(20.6)	9.3	16.9	29.7	22.8
.09	1.01	1.70	2.76	2.13
(2.09)	.67	1.44	2.76	2.13
19.2	23.3	55.6	69.4*	52.8*
23.3	25.7	21.2	16.5	14.3
249.0	296.1	302.4	236.9*	184.3*
210.5	260.2	192.2	181.9*	122.9*
197.7	224.0	225.1	172.3*	154.6*
408.2	484.2	417.3	354.2*	277.5*
12.73	15.17	15.51	17.13*	15.42*
.6%	2.6%	4.3%	7.1%	6.4%
1.6	5.8	8.8	17.2*	14.7*
.8	2.7	4.7	8.4*	8.2*
38,534	36,736	31,003	26,659*	24,969*
8,188	9,254	9,958	7,313*	6,925*

Five-year Common Stock Price Comparison

(for calendar years ended December 31)

	1974*	1973	1972	1971	1970
High	46¾	40¼	26⅛	20⅝	15⅛
Low	28⅝	20¼	15	13⅜	8⅛

**Six months ended June 30, 1974*

Directors

Nelson C. White
Chairman of the Board, IMC

Chester Baylis, Jr.
Director, Bankers Trust New York Corporation

Edward F. Blettner
Honorary Director, The First National Bank of Chicago

James W. Glanville
Managing Director, Lehman Brothers, Incorporated, New York

Richard A. Lenon
President and Chief Executive Officer, IMC

Henry W. Meers
Vice Chairman, White, Weld & Co., Incorporated, Chicago

Morton Moskin
Partner, White & Case, New York

Hervé M. Pinet
Chief Executive Officer, Director and Chairman, Executive Committee, Warburg-Paribas, Inc., and Special Advisor to the Chairman and Chief Executive Officer of the Compagnie Financière, and of the Banque de Paris et des Pay-Bas (Paribas)

Robert W. Purcell
Business Consultant to Rockefeller Family & Associates, New York

Thomas H. Roberts, Jr.
President and Chairman of the Board, DeKalb AgResearch, Incorporated, DeKalb, Illinois

John T. Ryan, Jr.
Chairman of the Board, Mine Safety Appliances Company, Pittsburgh, Pennsylvania

Vernon F. Taylor, Jr.
President and Director, Westhoma Oil Company and Peerless, Incorporated, Denver, Colorado

Corporate Officers

Richard A. Lenon
President and Chief Executive Officer

Anthony E. Cascino
Executive Vice President—Agriculture

George D. Kennedy
Executive Vice President—Industry and Business Development

Marvin B. Gillis
Senior Vice President—Agricultural Operations

George B. Howell
Senior Vice President—Industrial Materials

Sidney T. Keel
Senior Vice President—Agricultural Marketing

Edward W. Claar
Vice President—Government Affairs

Judson H. Drewry
Vice President—International

James T. Gibson, Jr.
Vice President and Treasurer

Anton F. Kuzdas
Vice President and Controller

Donald E. Phillips
Vice President—Administration, Agricultural Operations

John R. Taylor
Vice President, Secretary and General Counsel

Alan B. Wagner
Vice President—Development

Thaddeus R. Bialek
Assistant Controller

Harry H. Book
Assistant Secretary

Nicolaus Bruns, Jr.
Assistant Secretary

Darrell L. Feaker
Assistant Treasurer

John F. Sonderegger
Assistant Controller

Division Vice Presidents

George T. Baebler
Foundry Products

Harry L. Carroll
Agricultural Domestic Sales

John L. Dentzer
Industrial Materials Finance

Donald L. Everhart
Geology and Exploration

Paul Faberson
Public Relations

Donald H. Freas
Industrial Materials Development

Lewis B. Landreth
Planning and Acquisitions

John T. Lumis
Carbon Products

I. David Paley
Metals and Ferroalloys

Herbert T. Peeler
Animal Health and Nutrition

Thomas J. Regan
Materials Management

Neal Schenet
Marketing Services

Roger E. Secrist
Agricultural Projects

Charles B. Seelig

John M. Stapleton
Organization and Personnel

Oscar T. Stutsman
Agricultural Finance

Billie B. Turner
Rainbow

Luis J. Vergne
Agricultural Overseas Sales

Officers of Major IMC Subsidiaries

Mervyn A. Upham
Chairman, International Minerals & Chemical Corporation (Canada) Limited
President, IMC Resource Development Group

William J. Huston
President, International Minerals & Chemical Corporation (Canada) Limited

Julian M. Sobin
President, Sobin Chemicals, Inc.

Eric Lomnitz
Chairman, Continental Ore Europe Ltd.

Irving A. Rubin
President, Great Lakes Container Corporation

T. Jackson Cleghorn
President, IMC Development Corporation

Principal Products and Operations

Fertilizers and Feed Ingredients

Phosphate rock
Bartow, Florida
(4 mines and plants)

Phosphate chemicals
Port Maitland, Ontario
Mulberry, Florida
(operational 1975)

Potash
Carlsbad, New Mexico
Esterhazy, Saskatchewan
(2 mines and plants)

Mixed fertilizers
Americus, Georgia
Augusta, Georgia
Florence, Alabama
Hartsville, South Carolina
Spartanburg, South Carolina
Winston-Salem, North Carolina
(Service units at 44
additional locations)

Animal feed ingredients
Bartow, Florida
Bellflower, California
Cashion, Arizona
Imperial, California
Port Maitland, Ontario

Land development
Bartow, Florida
Fort Meade, Florida
Lakeland, Florida
Myakka City, Florida

Chemicals

Chlor-alkalis
Orrington, Maine
Ashtabula, Ohio
*Niagara Falls, New York

Organic chemicals
Newark, New Jersey

Aplite
Piney River, Virginia

Feldspar
Kona, North Carolina
Spruce Pine, North Carolina

Nepheline syenite
Blue Mountain, Ontario

Industrial Materials

Bentonite
Aberdeen, Mississippi
Colony, Wyoming

Chrome ore
Steelpoort, South Africa

Foundry machinery
Detroit, Michigan

Foundry refractories
Jackson, Ohio

Foundry resins and oils
Detroit, Michigan

Foundry sand additives
Archbold, Ohio
Belvidere, Illinois
Wadsworth, Ohio

Ferroalloys
*Domeldange, Luxembourg
*Gomez Palacio, Mexico
South Gloucester, Ontario

Fireclay
Bondclay, Ohio

Olivine
Burnsville, North Carolina
Hamilton, Washington

Magnesite
*Mannheim, West Germany

Petroleum coke
Bakersfield, California
*Houston, Texas
Long Beach, California
Mannheim, West Germany

Industrial Containers

Coventry, Rhode Island
Detroit, Michigan
Kansas City, Kansas
Kingston, New Hampshire
Pontiac, Michigan
St. Louis, Missouri
Tulsa, Oklahoma

Principal Subsidiaries

International Minerals & Chemical Corporation (Canada) Limited
55 Yonge Street, Toronto, Ontario, Canada M5E 1J4

Sobin Chemicals, Inc.
Sobin Park, Boston, Massachusetts 02210

Continental Ore Corporation
245 Park Avenue, New York, New York 10017

IMC Chemicals Corp. (operational in 1975)
P. O. Box 1835, Mulberry, Florida 33860

IMC Development Corporation
201 Christina Boulevard, Lakeland, Florida 33803

Great Lakes Container Corporation
10401 Lyndon Avenue, Detroit, Michigan 48238

Principal Investments

Chemical Leaman Tank Lines, Inc.
520 East Lancaster Avenue, Downingtown, Pennsylvania 19335

Commercial Solvents Corporation
245 Park Avenue, New York, New York 10017

Compagnie Senegalaise des Phosphates de Taiba
47, Avenue de la Republique, Dakar, Senegal

Coromandel Fertilisers Limited
P.O. Box 1589, 126 Sarojini Devi Road, Secunderabad-500003
Andhra Pradesh, India

Corporate Data

Resource Development

Copper
*Ashcroft, British Columbia
*Windhoek, South West Africa

Fluorspar
*Kerio Valley, Kenya
*Muzquiz, Mexico
*Omaruru, South West Africa
*Puerto Madryn, Argentina
*Rio Verde, Mexico

Iron ore
*Novadibon, Mauritania

Manganese
*Moanda, Gabon

Silver
*Zacualpan, Mexico

Tungsten
*Kampala, Uganda
*Hermosillo, Mexico

**Partially Owned*

Annual Shareholders' Meeting

Shareholders are cordially invited to attend the Annual Meeting at the First Chicago Center in The First National Bank of Chicago, Dearborn and Madison Streets, Chicago, Illinois, at 10 a.m., Chicago time, on Wednesday, October 2, 1974.

A formal notice of the Meeting, together with a proxy statement and proxy form, will be mailed to each shareholder on or about August 30, 1974.

Form 10-K Annual Report

A copy of IMC's Form 10-K Annual Report, filed with the Securities and Exchange Commission, is available upon request to the Secretary of the Corporation.

Headquarters Office
IMC Plaza
Libertyville, Illinois 60048
(312-362-8100)

Eastern Headquarters
245 Park Avenue
New York, New York 10017
(212-661-4300)

Auditors
Arthur Young & Company
Chicago, Illinois

Counsel
White & Case
New York, New York

Stock Exchanges
New York Stock Exchange
Midwest Stock Exchange
Toronto Stock Exchange

Transfer Agents
Bankers Trust Company
280 Park Avenue
New York, New York 10017

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

The Royal Trust Company
Royal Trust Tower
Toronto, Ontario, Canada M5H 2P6

Registrars
Chemical Bank
20 Pine Street
New York, New York 10005

Continental Illinois National Bank & Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60604

Canada Permanent Trust Company
320 Bay Street
Toronto, Ontario, Canada M5H 2P6

Trustee
(Subordinated Convertible Debentures)
The First National Bank of Chicago
Chicago, Illinois

Paying Agent
(Subordinated Convertible Debentures)
Bankers Trust Company
New York, New York

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